

**WATER AND SEWER FUND  
REVENUE AND APPROPRIATION SUMMARY**

	<b>Actual</b>	<b>Adopted</b>	<b>Estimated</b>	<b>Adopted</b>	<b>% Change</b>
	<b>FY 2000-01</b>	<b>FY 2001-02</b>	<b>FY 2001-02</b>	<b>FY 2002-03</b>	<b>fm FY 2002</b>
<b>REVENUES</b>					
Investment and Rental Income	\$ 2,529,064	\$ 2,792,680	\$ 2,177,513	\$ 2,178,739	-21.98%
Water and Sewer Sales	38,418,386	42,810,513	39,753,180	41,108,159	-3.98%
Other Operating Revenue	1,145,358	1,253,500	1,208,300	1,232,000	-1.72%
Licenses and Permits	43,800	55,000	36,000	44,000	-20.00%
Intragovernmental Revenues	9,342	250,000	11,500	20,000	-92.00%
Frontage Fees/Assessments	2,547,106	1,581,203	1,365,000	1,400,000	-11.46%
Other	765,180	45,000	30,000	33,000	-26.67%
Transfer from Other Funds	3,297,071	3,962,239	4,848,033	4,953,991	25.03%
<b>Subtotal Revenues</b>	<b>\$ 48,755,307</b>	<b>\$ 52,750,135</b>	<b>\$ 49,429,526</b>	<b>\$ 50,969,889</b>	<b>-3.37%</b>
Appropriations from Fund Balance	-	-	671,613	1,000,000	
<b>TOTAL REVENUES</b>	<b>\$ 48,755,307</b>	<b>\$ 52,750,135</b>	<b>\$ 50,101,139</b>	<b>\$ 51,969,889</b>	<b>-1.48%</b>
<b>APPROPRIATIONS</b>					
Personal Services	\$ 13,140,246	\$ 14,302,055	\$ 13,631,584	\$ 14,451,729	1.05%
Operating	14,239,326	17,896,884	16,044,536	18,397,221	2.80%
Capital Outlay	472,001	1,290,373	817,073	467,700	-63.75%
Debt Service	17,097,619	17,210,269	17,710,269	17,453,239	1.41%
Transfers to Other Funds	2,825,187	1,897,677	1,897,677	1,200,000	-36.76%
Transfers to Fund Balance	980,928	152,877	0	0	-100.00%
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 48,755,307</b>	<b>\$ 52,750,135</b>	<b>\$ 50,101,139</b>	<b>\$ 51,969,889</b>	<b>-1.48%</b>
<b>Department Appropriations</b>					
Environmental Resources	\$ 15,135,283	\$ 17,102,122	\$ 16,047,681	\$ 17,131,902	0.17%
Public Works	8,332,505	9,271,570	\$ 8,267,040	8,916,162	-3.83%
Finance	2,273,175	\$ 1,951,934	\$ 1,872,545	1,887,688	-3.29%
<b>Subtotal</b>	<b>\$ 25,740,963</b>	<b>\$ 28,325,626</b>	<b>\$ 26,187,266</b>	<b>\$ 27,935,752</b>	<b>-1.38%</b>
<b>Nondepartmental Appropriations</b>	<b>\$ 23,014,344</b>	<b>\$ 24,424,509</b>	<b>\$ 23,913,873</b>	<b>\$ 24,034,137</b>	<b>-1.60%</b>
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 48,755,307</b>	<b>\$ 52,750,135</b>	<b>\$ 50,101,139</b>	<b>\$ 51,969,889</b>	<b>-1.48%</b>

**FUND DESCRIPTION**

The Water and Sewer Fund accounts for revenues and expenses related to the provision of water and sewer services to the customers of the City and adjacent areas.

## WATER AND SEWER FUND REVENUES

Revenue Description	Actual FY 2000-01	Adopted FY 2001-02	Estimated FY 2001-02	Adopted FY 2002-03	Change
<b>Investment &amp; Rental Income</b>					
Interest: Investments and Assess.	\$ 2,362,661	\$ 2,592,680	\$ 2,037,513	\$ 1,978,739	-23.68%
Rental Income	166,403	200,000	140,000	200,000	0.00%
<b>Total Investment &amp; Rental Income</b>	<b>\$ 2,529,064</b>	<b>\$ 2,792,680</b>	<b>\$ 2,177,513</b>	<b>\$ 2,178,739</b>	<b>-21.98%</b>
<b>Operating Revenue</b>					
<b>Water &amp; Sewer Sales</b>					
Water & Sewer Sales	\$ 35,370,251	\$ 39,819,557	\$ 37,785,000	\$ 40,767,159	2.38%
Contract Water Sales	2,830,160	2,794,756	1,739,980	116,000	-95.85%
Late Fees	56,634	45,000	66,200	60,000	33.33%
Industrial Monitoring	10,546	15,000	12,000	15,000	0.00%
Sewer Surcharge	141,986	130,000	142,000	142,000	9.23%
Suspended Solids	8,809	6,200	8,000	8,000	29.03%
<b>Subtotal</b>	<b>\$ 38,418,386</b>	<b>\$ 42,810,513</b>	<b>\$ 39,753,180</b>	<b>\$ 41,108,159</b>	<b>-3.98%</b>
<b>Other Operating Revenues</b>					
Septic Tank Disposal	\$ 62,560	\$ 62,000	\$ 51,000	\$ 62,000	0.00%
Fire Protection (City)	178,080	165,000	170,000	170,000	3.03%
Fire Protection (County)	40,680	24,000	20,000	24,000	0.00%
Water Connection Fees	474,888	430,000	430,000	430,000	0.00%
Sewer Connection Fees	301,780	300,000	267,000	275,000	-8.33%
Water Analysis Fee	78,590	-	-	-	0.00%
Engineering Inspection Fee	1,080	265,000	265,000	265,000	0.00%
Backflow Certification School	7,700	7,500	5,300	6,000	-20.00%
<b>Subtotal</b>	<b>\$ 1,145,358</b>	<b>\$ 1,253,500</b>	<b>\$ 1,208,300</b>	<b>\$ 1,232,000</b>	<b>-1.72%</b>
<b>Licenses and Permits</b>					
Cross Connection Control Permit	\$ -	\$ 13,000	\$ -	\$ 6,000	-53.85%
Water Permits	26,200	24,000	18,000	20,000	-16.67%
Sewer Permits	17,600	18,000	18,000	18,000	0.00%
<b>Subtotal</b>	<b>\$ 43,800</b>	<b>\$ 55,000</b>	<b>\$ 36,000</b>	<b>\$ 44,000</b>	<b>-20.00%</b>
<b>Total Operating</b>	<b>\$ 39,607,544</b>	<b>\$ 44,119,013</b>	<b>\$ 40,997,480</b>	<b>\$ 42,384,159</b>	<b>-3.93%</b>
<b>Intragovernmental Services</b>					
Construction-City Forces	\$ 6,504	\$ 25,000	\$ 1,500	\$ 10,000	-60.00%
Engineering Fees	2,838	225,000	10,000	10,000	-95.56%
<b>Total Intragovernmental Services</b>	<b>\$ 9,342</b>	<b>\$ 250,000</b>	<b>\$ 11,500</b>	<b>\$ 20,000</b>	<b>-92.00%</b>
<b>Other Revenues</b>					
Sale of Property	\$ 37,017	\$ -	\$ -	\$ -	-
Miscellaneous	728,163	45,000	30,000	33,000	-26.67%
Water Frontage Fees/Assessments	1,641,369	772,165	575,000	600,000	-22.30%
Sewer Frontage Fees/Assessments	905,737	809,038	790,000	800,000	-1.12%
<b>Total Other Revenues</b>	<b>\$ 3,312,286</b>	<b>\$ 1,626,203</b>	<b>\$ 1,395,000</b>	<b>\$ 1,433,000</b>	<b>-11.88%</b>
<b>Transfers from Other Funds</b>					
Water Capital Facilities Fees	\$ 2,186,800	\$ 2,370,839	\$ 2,370,838	\$ 2,658,000	12.11%
Sewer Capital Facilities Fees	693,271	1,161,890	1,161,890	1,729,000	48.81%
Storm Water Management	417,000	429,510	429,570	566,991	32.01%
Transfer from Reserves	-	-	885,735	-	-
<b>Total Transfers from Other Funds</b>	<b>\$ 3,297,071</b>	<b>\$ 3,962,239</b>	<b>\$ 4,848,033</b>	<b>\$ 4,953,991</b>	<b>25.03%</b>
<b>Appropriation from Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 671,613</b>	<b>\$ 1,000,000</b>	<b>-</b>
<b>TOTAL W &amp; S FUND REVENUES</b>	<b>\$ 48,755,307</b>	<b>\$ 52,750,135</b>	<b>\$ 50,101,139</b>	<b>\$ 51,969,889</b>	<b>-1.48%</b>

## **WATER AND SEWER FUND REVENUE DESCRIPTIONS**

### **Investment and Rental Income**

Interest: Investment - Investment income is generally gained through the commitment of City funds to high quality, low-risk investments.

Interest: Assessments - Interest is charged on water and sewer assessments.

Rental Income - The City owns property and houses, purchased for other purposes with Water and Sewer Fund monies, which are temporarily rented. This also includes revenue from cellular tower leases.

### **Operating Revenues**

Water and Sewer Sales - Water and Sewer Sales includes both consumption and service fee charges to all direct water and sewer customers, inside and outside the City. It does not include contractual water sales to other utilities. This budget estimate assumes that the Federal Penitentiary at the Durham/Granville County Line will tap on as an "outside City customer" in January 2003. A rate increase for both consumption and service charges are included in the FY 2002-03 budget. The new water and sewer rate ordinance includes a combined consumption rate increase of 5.28% while changing the customer service charge from a flat amount per account to a fee based on meter size.

Contract Water Sales - The City has entered into agreements with several neighboring utility systems to provide water on either a committed or non-committed (emergency) basis.

Industrial Monitoring Charge - The Environmental Protection Agency requires the recovery of costs incurred in monitoring potentially high strength and toxic wastes. The rate schedule is based on the types of tests required. The base charge of \$55 per sample covers administration and equipment set-up costs.

Sewer Surcharges - Surcharges on high strength waste will remain at \$151.81 per 1,000 pounds of biochemical oxygen demand.

Suspended Solids - Charges on suspended solids will remain at \$64.37 per 1,000 pounds.

### **Other Operating Revenues**

Septic Tank Disposal - Charges for truck loads of septic waste discharged at the North Durham Water Reclamation Facility will remain at \$40 per load.

Fire Protection (City Hydrants) - Monthly charges are made to the Fire Department for each hydrant on the City's water system.

Fire Protection (County Hydrants) - Monthly charges are made to the County for each hydrant on the City's water system outside the city limits.

Water and Sewer Line Connection Fees - Fees are charged at the time of initial connection onto water and sewer mains. This fee varies with the size of the connection.

Water Analysis Fee - This fee provided for the partial recovery of costs incurred in monitoring the water quality of new construction and existing facilities undergoing extensive plumbing repairs. Citizens could also request water quality analyses. Revenue ceased in FY 2001 because the City no longer tests all new homes and the charge for resampling has been eliminated.

Engineering Inspection Fees - The Water and Sewer Engineering division charges fees for water main, sewer main, and sewer outfall inspections.

Backflow Tester School - The Environmental Resources Department offers certification classes for backflow testers. An enrollment fee is charged for each participant in the school.

## **Licenses and Permits**

Cross Connection Control (CCC) Permit - This was a new fee for FY 2000. It is \$32 per permit, and will partially recover the cost of the inspection of CCC devices.

Water and Sewer Permit Fees - These fees are paid by developers and the City for permits to extend water and sewer lines.

## **Intragovernmental Services**

Construction - City Forces - This item represents charges made to bond and construction funds for water and sewer construction performed by City employees. This line item also includes overhead charges, equipment rental charges, and fringe benefits charges. These charges occur as a result of street maintenance work performed by City employees.

Engineering Fees - This item represents charges made to bond and construction funds for water and sewer engineering work performed by City employees.

## **Other Revenues**

Sale of Land, Property and Equipment - This includes revenue from the sale of surplus land, equipment or property.

Miscellaneous - This item includes revenues from broken water meter charges, water cut-off penalties, and after-hours service charges.

Water and Sewer Frontage Fees/Assessments - Frontage Fees are applicable when property is developed and the developer or property owner has not installed a water and/or sewer line across the street frontage or street right-of-way abutting the project. This item reflects confirmations of water and sewer assessment rolls.

## **Transfers from Other Funds**

Water and Sewer Capital Facilities Fund - The Capital Facility Fee was established in 1985 to recover the costs associated with providing water supply, water treatment, and wastewater treatment to new water and sewer service customers. This revenue is now shown as a transfer to the Water and Sewer Operating Fund to offset debt service cost.

Storm Water Management - This transfer covers the costs incurred by Finance - Customer Billing and Services for storm water billing expenditures and by Environmental Resources for one-half of the Household Hazardous Waste Disposal program.

Appropriation from Fund Balance - An appropriation from fund balance is used to balance the budget when expenditures are anticipated to exceed revenues in a given year.

## WATER AND SEWER NON-DEPARTMENTAL APPROPRIATIONS

	Actual FY2000-01	Adopted FY2001-02	Estimate FY2001-02	Adopted FY2002-03	Change
<b>Administration</b>					
General Fund Services	\$ 1,274,620	\$ 2,736,011	\$ 2,736,011	\$ 3,813,503	39.38%
Insurance and Risk	947,202	1,032,779	1,032,779	1,126,422	9.07%
Accounts Written Off	812	300,000	-	-	-100.00%
Collection of Delinquent Accounts	-	188,500	188,500	189,000	0.27%
Drug Testing	1,655	25,000	25,000	25,000	0.00%
Bond Issuance Costs	-	5,000	2,241	5,000	0.00%
<b>Total Administration</b>	<b>\$ 2,224,289</b>	<b>\$ 4,287,290</b>	<b>\$ 3,984,531</b>	<b>\$ 5,158,925</b>	<b>20.33%</b>
<b>Miscellaneous</b>					
Contingency	\$ -	\$ 50,000	\$ -	\$ 50,000	0.00%
Hardship Funds	49,809	55,000	50,000	50,000	-9.09%
Fleet Replacement	-	345,523	345,523	-	0.00%
Budget and Management Services	92,761	102,859	102,859	106,973	4.00%
Information Technology	679,800				
ICLEI Grant Fund	4,718				
Water/Sewer Customer Relations	-	15,000	15,000	15,000	0.00%
<b>Total Miscellaneous</b>	<b>\$ 827,088</b>	<b>\$ 568,382</b>	<b>\$ 513,382</b>	<b>\$ 221,973</b>	<b>-60.95%</b>
<b>Debt and Capital</b>					
Debt Service	\$ 16,646,114	\$ 17,210,269	\$ 17,210,269	16,873,783	-1.96%
County Line Reimbursement	470,861	500,000	500,000	579,456	15.89%
Capital Improvements Program	1,865,064	1,705,691	1,705,691	1,200,000	-29.65%
<b>Total Debt and Capital</b>	<b>\$ 18,982,039</b>	<b>\$ 19,415,960</b>	<b>\$ 19,415,960</b>	<b>\$ 18,653,239</b>	<b>-3.93%</b>
<b>Appropriation to Fund Balance</b>	<b>\$ 980,928</b>	<b>\$ 152,877</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>TOTAL NON-DEPARTMENTAL</b>	<b>\$ 23,014,344</b>	<b>\$ 24,424,509</b>	<b>\$ 23,913,873</b>	<b>\$ 24,034,137</b>	<b>-1.62%</b>

## **WATER AND SEWER FUND NON-DEPARTMENTAL APPROPRIATIONS**

### **Administration**

General Fund Services - Funds are appropriated each year to reimburse the General Fund for services provided to the Water and Sewer Fund. The FY 2002-03 estimate includes the additional indirect costs for computers, building use, radios, internal printing and a portion of vehicle support resulting from the conversion of internal service funds to the General Fund.

Risk Retention Fund and General Insurance - Each fund pays a proportionate share of expected liability and workers' compensation claims obligations, as well as a share of general insurance, safety and health costs.

Accounts Written Off - Funds are appropriated to offset the amount of funds that the City is unable to collect. Since this cost is recorded as an offset against revenues, this line-item is no longer needed.

Collection of Delinquent Accounts - These funds are appropriated to cover the cost of collecting delinquent accounts.

Drug Testing - This account covers the cost of drug testing for all new Water and Sewer Fund employees, as required by City policy.

Bond Issuance Expense - Funds are appropriated to cover the cost of issuing Revenue Bonds and GO Bonds.

### **Miscellaneous**

Contingency - These funds are expended upon City Council approval for various unanticipated costs that arise during the fiscal year which are unforeseen during the budget preparation process.

Hardship Funds - Funds are provided to pay water and sewer bills if a customer is found to be completely unable to pay.

Fleet Replacement - Costs associated with the replacement of the centralized fleet used by Water and Sewer Fund-related departments are recorded here.

Budget and Management Services Department Charges - The Water and Sewer Fund is charged directly for services provided by the Budget Department.

Information Technology - One-third of the savings from the FY 1999-2000 budget recorded by the Water and Sewer Fund was transferred to the Information Technology Fund to fund information technology improvements.

ICLEI Grant - Activities associated with the international Council For Local Environmental Initiatives (ICLEI) to develop a greenhouse gas reduction action plan are recorded here.

Water and Sewer Customer Relations - Funds covered various customer relations activities, such as printing customer handbooks and documents for customer education and information.

### **Debt Service/Capital Improvements**

Debt Service - Debt service for water and sewer projects is paid directly from the Water and Sewer Operating Fund.

County Line Reimbursement - The City reimburses the County for water and sewer line installations within designated areas of the County.

### **Capital Improvement Program Appropriations**

Funds are appropriated to the CIP to help fund capital projects when necessary. Funds are included for Two-Inch Water Main Replacement (\$200,000), Sewer Pump Station Removal (\$200,000), Southern Reinforcing Main (\$500,000), and South Durham Water Reclamation Facility Engine Replacement (\$300,000).